

## Message Text

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15

ACTION EUR-12

INFO OCT-01 ISO-00 AS-01 CIAE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-04 H-02 INR-07 L-03 NSC-05 PA-01

PRS-01 SP-02 SS-15 CG-00 DLOS-04 DOTE-00 EB-07 OFA-01

COME-00 TRSE-00 INT-05 ACDA-05 SAJ-01 ( ISO ) W

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O P 181045Z NOV 75

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE 5788

INFO SECDEF WASHDC

CINCLANT

COMICEDEFOR

AMEMBASSY BONN PRIORITY

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON PRIORITY

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USNATO 1219

C O N F I D E N T I A L REYKJAVIK 1316

E.O. 11652: XGDS-1

TAGS: EFIS, PFOR, MARR, NATO, IC, UK

SUBJECT: UK/ICELAND FISHERIES DISPUTE: MY CONVERSATION WITH  
HATTERSLEY

REF: REYKJAVIK 1308

1. ON SUNDAY NOV 16 UK AMBASSADOR EAST ASKED IF I COULD  
JOIN HIM FOR A FEW MOMENTS IN AN EFFORT TO CONVINCE ROY  
HATTERSLEY, UK NEGOTIATOR, THAT EMOTIONS RUN HIGH IN  
ICELAND ON FISHERIES ISSUES AND SPECIFICALLY ABOUT THE  
DANGER OF A TIE-IN WITH ICELAND'S MEMBERSHIP IN NATO AND  
IDF RETENTION IF THE DISPUTE DRAGS ON. I AGREED, WITH THE  
UNDERSTANDING THAT MY PRESENCE WOULD NOT BE CONSTRUED  
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AS USG INVOLVEMENT IN THE UK/ICELAND DISPUTE, AND THAT

I WOULD BE SPEAKING WITHOUT SANCTION FROM USG. I SPENT ABOUT HALF HOUR WITH THE TWO OF THEM.

2. THE GIST OF MY COMMENTS, MOSTLY RELATING TO THE 1973 EXPERIENCE, WAS THAT NO ONE SHOULD UNDERESTIMATE ICELAND'S CAPACITY TO CUT OFF ITS NOSE TO SPITE ITS FACE. IN OTHER WORDS, NO MATTER HOW ILLOGICAL IT MIGHT APPEAR (IN RESPONSE TO A STATEMENT TO THIS EFFECT BY HATTERSLEY) ICELANDERS CAN, DID, AND WILL AGAIN TRY TO ASSOCIATE THE FISHERIES DISPUTE WITH NATO AND THE IDF. I TOLD HIM THAT WE ARE ALREADY SEEING SIGNS OF THIS DEVELOPING AND THAT MY EMBASSY IS GEARING UP FOR A POSSIBLE REPEAT OF 1973. IN RESPONSE TO HATTERSLEY'S STATEMENT THAT THE IDF IS TOO IMPORTANT TO ICELAND'S ECONOMY TO TAKE SERIOUSLY ANY THREAT OF ACTION AGAINST THE IDF, I RESPONDED THAT THE IDF ECONOMIC CONTRIBUTION IS LESS THAN THE ANNUAL FLUCTUATION IN ICELAND'S FISH CATCH AND THAT, ALTHOUGH THE PRESENCE OF IDF PROVIDES A CUSHION FOR ICELAND'S ECONOMY, IT NEVERTHELESS IS NOT A SIGNIFICANT FACTOR AS TO HOW ICELAND MIGHT RESPOND TO ANOTHER "COD WAR."

3. WHEN ASKED WHAT FORM OF RETALIATION WE COULD EXPECT AGAINST THE IDF IF THE FISHERIES DISPUTE HEATED UP, I TOLD HATTERSLEY I COULD NOT PREDICT, BUT MENTIONED THE THREATS CURRENTLY CIRCULATING IN ICELAND, NAMELY: (A) CHARGE IDF IMPORT DUTY ON CURRENT DUTY-FREE IMPORTS, INCLUDING MILITARY EQUIPMENT, TO INDEMNIFY ICELAND FOR CONTINUED UK/FRG VETO OF EEC CONCESSIONS; (B) SEAL OFF IDF FROM LAND, SEA AND AIR ACCESS; (C) REFUSE LANDING RIGHTS OF ALL COMMERCIAL AND MILITARY AIRCRAFT FROM NATO NATIONS, INCLUDING US. WHEN ASKED IF I WAS CONCERNED THAT THE IDF MIGHT BE ASKED TO LEAVE ICELAND, I AGAIN REMARKED I WOULD NOT WANT TO MAKE A PREDICTION NOR DID I WANT TO EXAGGERATE, BUT BECAUSE THE PRESENT COALITION GOVT EXCLUDES THE COMMUNISTS WHEREAS THE PREVIOUS GOVT INCLUDED THEM IT WAS LESS LIKELY THAN BEFORE THAT THE SITUATION WOULD DEVELOP TO THIS DRASTIC STAGE. I ADDED, HOWEVER, THAT THE SITUATION COULD GET TO A VERY BAD STAGE, ESPECIALLY IF BRITISH FRIGATES RE-ENTERED THE DISPUTE.

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4. IN RESPONSE TO A QUESTION FROM HATTERSLEY WHETHER I WAS "VERY CONCERNED OR JUST CONCERNED" ABOUT THE FISHERIES-NATO TIE-IN, I REPLIED "CONCERNED AND APPREHENSIVE." I THEN TOLD HIM THAT A FEW MONTHS AGO PRIME MINISTER HALLGRIMSSON ADVISED ME THAT ICELANDIC EMOTIONS WOULD BE HARD TO CONTAIN IF A SPEEDY SETTLEMENT WITH BOTH THE UK AND FRG COULD NOT BE REACHED, AND THAT HE FEARED SUPPORT FOR NATO WOULD ERODE THROUGHOUT THE COUNTRY, AND WITHIN

EVERY POLITICAL PARTY, INCLUDING HIS OWN.

5. IN RESPONSE TO MY DIRECT QUESTION ABOUT THE PROBABILITY OF THE UK FRIGATES RETURNING, HATTERSLEY SAID "UK WOULD EMPLOY WHATEVER MEANS NECESSARY TO PROTECT THE RAWLERS." (HATTERSLEY REPEATED THIS COMMENT IN PUBLIC YESTERDAY BEFORE RETURNING TO ENGLAND. ALTHOUGH HE DID NOT STATE THE FRIGATES WOULD ENTER THE DISPUTE, THE MANNER AND TONE OF HIS STATEMENT HAVE SENT RUMORS THROUGHOUT THE COUNTRY THAT THE FRIGATES ARE EN ROUTE.)

6. HALF THE TIME I SPENT WITH HATTERSLEY WAS LISTENING TO HIM BERATE ICELANDIC POLITICIANS AS "IMPOSSIBLE AND INCOMPETENT," AND LISTENING TO HIM SAY UK WILL NOT REACT LIGHTLY TO THREATS BY ICELAND. HE HAD RETURNED JUST MOMENTS EARLIER THAT MORNING FROM A SESSION WITH FONMIN EINAR AGUSTSSON. HE REMARKED THAT AGUSTSSON HAD THE "MISTAKEN NOTION" THAT IT WAS UP TO THE UK TO MAKE CONCESSIONS AND ICELAND TO TAKE THEM UNDER ADVISEMENT "INSTEAD OF VICE VERSA." WHEN I COMMENTED THAT IN THE IDF RETENTION NEGOTIATIONS WE LEARNED THAT ICELAND FOLLOWED ITS OWN SET OF GROUND RULES BUT WE LEARNED TO ACCOMMODATE TO IT WITH GOOD RESULTS, HATTERSLEY REPLIED HE WAS "NOT GOING TO LET ICELAND PUSH THE UK AROUND."

7. COMMENT: THERE WAS NOTHING IN MY BRIEF CONVERSATION WITH HATTERSLEY TO LEAD ME TO BELIEVE HE IS THE RIGHT MAN TO NEGOTIATE A SETTLEMENT. HE STRUCK ME AS BEING POMPOUS AND ARROGANT, AND PERHAPS EVEN EAGER FOR A FIGHT. WHEN AMBASSADOR EAST SAW ME TO THE DOOR HE LOOKED DISCOURAGED. WITH THE BRITISH AS STIFF AS EVER, AND THE ICELANDERS AS CONVINCED AS EVER, THE OUTLOOK FOR A QUICK UK/ICELAND FISHERIES SETTLEMENT IS NOT CONFIDENTIAL

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## Message Attributes

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